



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP 26 2013

THE INSPECTOR GENERAL

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Issa:

Thank you for your September 18, 2013, letter asking the U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), to provide the Committee on Oversight and Government Reform with all source documents and information related to our investigation of former EPA senior official John C. Beale.

We are currently working to provide the documents that you requested. Once all of the documentation has been gathered, we will provide the materials to the Committee as soon as possible.

I appreciate your interest in the work of the OIG. If you should have any questions about this or any other matter, please contact Alan Larsen, counsel to the inspector general, at (202) 566-2391.

Sincerely,

A handwritten signature in blue ink, which appears to read "Arthur A. Elkins Jr.", is positioned above the printed name.

Arthur A. Elkins Jr.

cc: The Honorable Elijah E. Cummings
Ranking Minority Member

Biography of Inspector General Arthur A. Elkins, Jr.



Arthur A. Elkins, Jr. became Inspector General of the U.S. Environmental Protection Agency (EPA) on June 25, 2010. Before his appointment, Mr. Elkins served as Associate General Counsel within EPA's Office of General Counsel. While in that position, he supervised the delivery of legal counsel, opinions, litigation support, and other legal services for the Office of General Counsel's Information Law Practice, Employment Law Practice, and Intellectual Property Law Practice.

Previously, Mr. Elkins served as the Chief Legal Officer and General Counsel for the Court Services and Offender Supervision Agency, an independent federal executive branch agency responsible for pretrial services and adult parole and probation community offender supervision; Counsel to the Inspector General of the National Science Foundation; and Counsel within the Department of Defense, Defense Office of Hearings and Appeals.

Prior to joining the Federal Government, Mr. Elkins served as an Assistant Prosecuting Attorney in the Ohio Cuyahoga County Prosecutor's Office and as an Assistant Public Defender in the Ohio Cuyahoga County Public Defender's Office.

Mr. Elkins earned a Bachelor degree in social sciences from Thomas A. Edison State College; a Master of Business Administration degree from Baldwin-Wallace College; a Juris Doctor degree from Cleveland-Marshall College of Law, Cleveland State University; and a Master of Laws in Law and Government from Washington College of Law, The American University.

Mr. Elkins is a member of the bar in Ohio, District of Columbia, United States District Court for Northern Ohio, the United States Court of Appeals for the Sixth Circuit, and the Supreme Court of the United States of America.

Mr. Elkins is the recipient of the Council of Counsels to the Inspector Generals Leadership Award, Federal Executive Council on Integrity and Efficiency Award for Excellence in Investigations, and the National Science Foundation Office of Inspector General Commendable Service Award.

Mr. Elkins is the proud father of three children and resides in Bowie, Maryland, with his wife, Gail.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS
1301 CONSTITUTION AVE, NW
EPA WEST BUILDING
WASHINGTON, DC 20004

CASE #: OC-KA-2011-CFR-1258

TITLE: [REDACTED]

PREPARED BY: SPECIAL AGENT [REDACTED]

SHORT-FORM REPORT OF INVESTIGATION

PERIOD COVERED: DECEMBER 2010 TO FEBRUARY 2013

STATUS OF CASE: CLOSED INVESTIGATION

JOINT AGENCIES: FEDERAL BUREAU OF INVESTIGATION

DISTRIBUTION: ASSISTANT INSPECTOR GENERAL FOR
INVESTIGATIONS

INTRODUCTION

Allegation I: On December 7, 2010, trial attorneys from the Department of Justice (DOJ), Public Integrity Unit (PIU) reported to the Environmental Protection Agency (EPA), Office of Inspector General (OIG), that [REDACTED], EPA, Washington, DC, [REDACTED], allegedly received an \$8,000 discount, which was not available to the general public, on the purchase of a new Mercedes-Benz from the Daimler AG. Additional information within the DOJ PIU referral explained that the non-public discount [REDACTED] received was brokered by [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] (Exhibit 1).

Allegation II: On or about August 14, 2012, the Office of Professional Responsibility (OPR), OIG EPA, in accordance with direction provided by the EPA OIG Assistant Inspector General for Investigations, initiated a review of EPA employees, (b) (6), (b) (7) [REDACTED]
[REDACTED]. The specific purpose of this review was to determine if, besides

any other employees within that office had received non-public discounts on new Mercedes-Benz automobiles (Exhibit 2).

DETAILS

Allegation I

Did receive a non-public discount of \$8,000.00 on a new Mercedes-Benz automobile?

Allegation I Findings:

The joint EPA OIG and Federal Bureau of Investigation (FBI) investigation into whether received a non-public discount of \$8,000.00 on a new Mercedes Benz automobile was declined for criminal prosecution by the Department of Justice and,

Special Agent Office of Investigations, EPA OIG, in conjunction with the FBI, investigated the foregoing allegation and took investigatory actions which included conducting interviews, collecting documentation, and reviewing emails. On December 15, 2010, attempted to interview citing the advice of attorney, refused to be interviewed. On

On September 6, 2011, met with DOJ trial attorneys John Pearson, PIU, and Nicholas Acker, Fraud Section, Washington, DC, to discuss the results of investigation, which indicated that did receive the non-public \$8,000.00 discount at issue. Specifically investigation raised allegations of both bribery and the improper acceptance of a gratuity. After the attorneys were briefed, they informed that the case would be tentatively declined for criminal prosecution. On February 3, 2012, Jack Smith, Chief, PIU, confirmed by letter that the case was declined for prosecution (Exhibit 4).

(b) (5) before the criminal investigation was declined for prosecution by the DOJ, the matter was and no further investigation or findings were made.

Allegation II

Did any other employees within receive non-public discounts for new Mercedes-Benz automobiles?

Allegation II Findings:

The OIG investigation revealed no evidence that employees had received improper, non-public discounts for new Mercedes-Benz automobiles.

From December 10, 2012, through January 16, 2013, OIG Special Agents conducted interviews of forty-three [REDACTED] employees [REDACTED] employees) within the [REDACTED]

[REDACTED] who were (b) (6), (b) (7)(C) [REDACTED] employees were all asked the same five questions and they provided, collectively, the same substantive responses. The specific questions and responses were as follows:

- (1) [REDACTED] employees were asked if anyone had ever approached them about receiving gifts, discounts, or rebates of any kind for work related to their EPA position. The [REDACTED] employees' collective substantive response was negative;
- (2) [REDACTED] employees were asked if they (or any family member, relative, friend) had ever accepted gifts, discounts, rebates of any kind from any entity with a nexus to their EPA positions. The [REDACTED] employees' collective substantive response was negative;
- (3) [REDACTED] employees were asked whether they (or their family or friends) had received any gifts, discounts, including non-public discounts, or rebates of any kind from the Daimler AG or any of its subsidiaries, i.e., Mercedes-Benz. The [REDACTED] employees' collective substantive response was negative;
- (4) [REDACTED] employees were asked whether they knew of any EPA employees who received gifts for what they believed to be from corporations with activities related to any EPA employees' official duties. The [REDACTED] employee's collective substantive response was negative;
- (5) The Special Agents asked the [REDACTED] employees whether they knew of any EPA employees who had received discounts, rebates, or gifts, for new automobiles from Daimler AG, i.e., Mercedes-Benz. The [REDACTED] employees' collective substantive response was negative (Exhibit 5).

On December 28, 2012, the OIG subpoenaed Mercedes-Benz USA and requested documentation pertaining to any of forty-three identified [REDACTED] or other individuals associated with certain EPA bodies who received a non-public discount. The OIG subpoena also sought documentation concerning whether any EPA employees received discounts through the action of [REDACTED] (Exhibit 6).

On January 30, 2013, Mercedes-Benz USA, through its counsel, stated that none of the forty-three [REDACTED] employees identified by the OIG received non-public corporate discounts. Counsel further stated no discounts were provided to EPA employees, other than [REDACTED] actions (Exhibit 7).

DISPOSITION

Based on the investigative findings, [REDACTED] received a non-public discount of \$8,000.00 on a new Mercedes-Benz automobile. However, the case was declined by DOJ for criminal prosecution and [REDACTED]. No evidence was found that any other [REDACTED] employees within [REDACTED] [REDACTED] received non-public discounts from Mercedes-Benz. No further investigative work is anticipated and this case is being administratively closed.

EXHIBITS:

1. Case Initiation dated December 8, 2010
2. Memorandum of Activity-[REDACTED] Review Initiation, from August 14, 2012
3. Email from [REDACTED], EPA, dated February 22, 2012
4. Criminal Declination dated February 3, 2012
5. Memorandum of Activity-[REDACTED] [REDACTED] Interviews dated February 5, 2013
6. EPA OIG Subpoena Duces Tecum to Mercedes-Benz USA, LLC dated December 28, 2012
7. Letter from Mercedes Benz USA Counsel dated January 30, 2013



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
901 N. 5TH STREET, MAILCODE OIG
KANSAS CITY, KS 66101

CASE #: OC-KA-2011-CFR-1258

CROSS REFERENCE #: COMP-2011-38

TITLE: [REDACTED]

CASE AGENT (if different from prepared by): [REDACTED]

CASE INITIATION

Subject(s)	Location	Other Data
[REDACTED]	[REDACTED] Washington, DC	

On December 7, 2010, Department of Justice (DOJ) Trial Attorneys JOHN PEARSON, Public Integrity Unit (PIU), DOJ, Washington, DC (202) 307-2281 and NICHOLAS ACKER, PIU, DOJ, Washington, DC (202) 616-8802 reported that EPA employee, [REDACTED] Washington, DC, allegedly received an \$8,000 discount on a new car purchase from the Daimler Chrysler Corporation not available to the public. Additional information contained within the referral was that a Daimler employee reported to internal investigators that [REDACTED] conducted an act [REDACTED] considered contrary to company compliance concerning providing a corporate discount to [REDACTED] for the purchase of a vehicle at the request of an [REDACTED].



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
1301 CONSTITUTION AVENUE NW
EPA WEST ROOM 3428
WASHINGTON, DC 20004

CASE: OC-KA-2011-CFR-1258

CROSS REFERENCE #:

TITLE: [REDACTED]

CASE AGENT (if different from prepared by): SA [REDACTED]

MEMORANDUM OF ACTIVITY

On or about August 14, 2012, the Reporting Agent received direction from the Assistant Inspector General for Investigations to initiate a review of Environmental Protection Agency (EPA) employees, GS-14 and above, within the [REDACTED]

[REDACTED] The specific purpose of this review was to determine if, [REDACTED] employees within this [REDACTED] office had received non-public discounts on new Mercedes Benz automobiles.

The Reporting Agent coordinated with the Deputy Assistant Inspector General for Investigations, Office of Professional Responsibility, to fashion the scope of the investigatory actions to be taken in order to complete the review. These actions included determining the individuals within [REDACTED] to be interviewed as well drafting an IG subpoena.

Attachments:

None.

¹ On December 7, 2010, trial attorneys from the Department of Justice (DOJ), Public Integrity Unit (PIU) reported to the Environmental Protection Agency (EPA) Office of Inspector General (OIG) that [REDACTED] EPA, Washington, DC, [REDACTED] allegedly received an \$8,000 discount, which was not available to the general public, on the purchase of a new Mercedes-Benz from the Daimler AG Corporation.



Re: OIG request

02/22/2012 02:42 PM

OHROS/OARM
Ariel Rios North/Room [REDACTED]
1200 Pennsylvania Avenue N.W.
Washington, DC 20460-0001
Mail Code: 3606-A

Information contained in this message may be subject to the Privacy Act (5 USC 552a) and should be treated accordingly.

Hello [REDACTED] After being referred to y...

02/22/2012 02:05:25 PM

From: [REDACTED]
To: [REDACTED]
Date: 02/22/2012 02:05 PM
Subject: OIG request

Hello [REDACTED]

After being referred to you by Team Vegas, please provide me the information pertaining to my request below:

Thank you,

This e-mail will serve as an official request to confirm the following:

Please confirm [REDACTED]

This name and request is not to be disclosed to anyone, except your immediate supervisor within your Unit, if necessary. Please do not disclose that you have been requested by representatives of the OIG to provide information concerning this individual. Please do not conclude that this individual is under any type of investigation.

This request is not intended to circumvent any procedures already in place in order to satisfy this request. If you have any questions, concerns, or obstacles in fulfilling this request, please do not hesitate to contact

If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify me immediately by replying to this message and deleting it, and all copies and backups thereof.

**Special Agent
EPA Office of Inspector General
Office of Counsel;
Oversight, and Special Review
901 N. Fifth Street
Kansas City, Kansas 66101**

EPA/OIG Hotline
(1-800) 546-8740 or <http://www.epa.gov/oig/ombudsman-hotline/how2file.htm>
EPA/OIG Hotline fax number: 202-566-1610

From:
To:
Cc:

Date: 02/22/2012 12:28 PM
Subject: Re: OIG request

Hello

Any further information should be obtained by that office. Your POCs for ERB are:

Hope this helps!

██████████ Services Branch – Team Vegas
Human Resources Management Division – Las Vegas
4220 S. Maryland Parkway
Building A, Suite 100-A
Las Vegas, NV 89119-7528

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[REDACTED] Helio [REDACTED] This e-mail will

02/16/2012 09:59:18 AM



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL**

901 N. 5TH STREET
KANSAS CITY, KS 66101

CASE #: OC-KA-2011-CFR-1258

CROSS REFERENCE #:

TITLE: [REDACTED]

CASE AGENT: [REDACTED]

SIGNIFICANT INCIDENT REPORT

On September 6, 2011, the Reporting Agent met with Trial Attorneys JOHN PEARSON, Public Integrity Unit (PIU), Department of Justice (DOJ), Washington, DC and NICHOLAS ACKER, Fraud Section, DOJ, Washington, DC. The purpose for contacting both attorneys was to discuss the facts and results of pertinent interviews in this investigation involving bribery and acceptance OF a gratuity by an EPA employee.

This investigation was initiated on December 6, 2010, after the Office of Inspector General (OIG) received Hotline Complaint referral memorandum #2011-045. The referral had information reporting that EPA employee, [REDACTED]

[REDACTED] Washington, DC, allegedly received an \$8,000 discount on a new car purchase not available to the public from the Daimler Chrysler Corporation. According to the allegation, the purchase of the vehicle was brokered by an [REDACTED].

After the attorneys were briefed, PEARSON and ACKER said this case would tentatively be declined for criminal prosecution. On February 3, 2012, JACK SMITH, Chief, PIU, confirmed by letter declination of prosecution of both [REDACTED].

Attachment:

1. Letter of declination, dated February 3, 2012.



Declination letter
02-03-2012.pdf



U.S. Department of Justice

Criminal Division

Washington, DC 20530

FEB 03 2012

Special Agent [REDACTED]
EPA Office of Inspector General
901 N. Fifth Street
Kansas City, Kansas 66101

Dear [REDACTED]:

This letter is to inform you that the Public Integrity Section has declined prosecution of [REDACTED] and [REDACTED]. Daimler AG referred to the Department of Justice allegations that [REDACTED], may have accepted an illegal gratuity from [REDACTED]. This letter will confirm that we have concluded that the initiation of criminal proceedings in this matter is not warranted. I understand that your office concurs with this decision.

Please contact Trial Attorney [REDACTED] if you have any questions.

Sincerely,

Jack Smith
Chief
Public Integrity Section



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL**

1301 CONSTITUTION AVENUE NW
EPA WEST ROOM 3428
WASHINGTON, DC 2004

MEMORANDUM OF INTERVIEW

Interview Date(s):	DECEMBER 10, 2012 TO JANUARY 16, 2013
Case Name:	[REDACTED]
Case Number:	OC-KA-2011 CFR-1258
Interviewee(s):	MULTIPLE (SEE BELOW)
Interview Location:	1200 PENNSYLVANIA AVE., NW ROOM 5420 WASHINGTON, DC 20460
Interviewed By:	[REDACTED] [REDACTED] [REDACTED]
Witness:	N/A

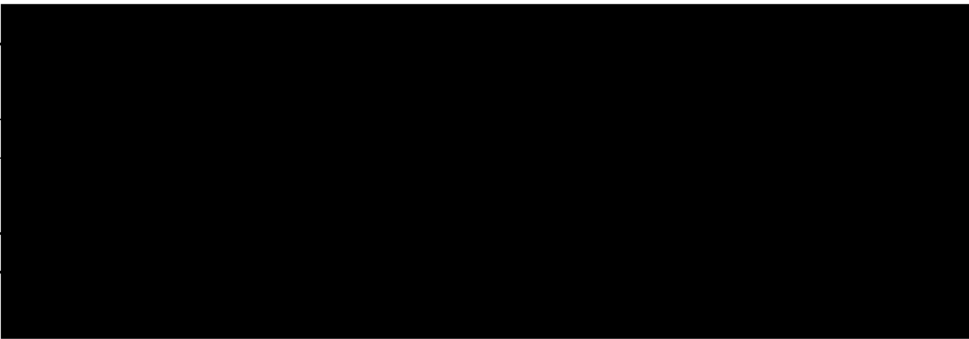
From December 10, 2012 through January 16, 2013, Special Agent (SA) [REDACTED], Office Professional Responsibility (OPR), Office of Investigations (OI), Office of Inspector General (OIG), U.S. Environmental Protection Agency (EPA); Special Agent in Charge (SAC) [REDACTED], OPR, OI, OIG, EPA; SA [REDACTED], OPR, OI, OIG, EPA; SA [REDACTED], Washington Field Office (WFO), OIG, EPA; SA [REDACTED], WFO, OI, OIG, EPA; SA [REDACTED], WFO, OI, OIG, EPA, and SA [REDACTED], WFO, OI, OIG, EPA, conducted interviews of the following EPA employees, who work within the [REDACTED]. All of the EPA [REDACTED] employees, who were interviewed, were provided Kalkine administrative warnings, which they signed. Further, the EPA [REDACTED] employees were provided a voluntary non-disclosure form to review, which many chose to sign [Attachments 1, 2]. The following forty-three EPA [REDACTED] employees were interviewed:

[REDACTED] EPA EMPLOYEES INTERVIEWED		
INTERVIEW DATE	NAME	POSITION
12/11/12	[REDACTED]	
12/10/12		
12/10/12		
12/10/12		

RESTRICTED INFORMATION

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1/14/13	
1/16/13	

QUESTIONS AND RESPONSES:

The SAs individually interviewed all of the foregoing EPA [REDACTED] employees. The EPA [REDACTED] employees were asked the same five questions and they provided, collectively, the same substantive responses. The specific questions and responses are as follows:

The EPA [REDACTED] employees were asked if anyone had ever approached them about receiving gifts, discounts, or rebates of any kind for work related to their EPA position. The EPA [REDACTED] employees' collective substantive response was negative.

The EPA [REDACTED] employees were asked if they (or any family member, relative, friend) had ever accepted gifts, discounts, rebates of any kind from any entity with a nexus to their EPA positions. The EPA [REDACTED] employees' collective substantive response was negative.

The EPA [REDACTED] employees were asked whether they (or their family or friends) had received any gifts, discounts, or rebates of any kind from the Daimler AG Corporation or any of its subsidiaries, i.e., Mercedes Benz. The EPA [REDACTED] employees' collective substantive response was negative.

The EPA [REDACTED] employees were asked whether they knew of any EPA employees who received gifts, for what they believed to be, from corporations with activities related to any EPA employees' official duties. The EPA [REDACTED] employees' collective substantive response was negative.

The SAs asked the EPA [REDACTED] employees whether they knew of any EPA employees who had received discounts, rebates, or gifts, for new automobiles from Daimler AG, i.e. Mercedes Benz. The EPA [REDACTED] employees' collective substantive response was negative.

Attachments:

1. Signed Administrative Warnings for EPA [REDACTED] employees, case OC-KA-2011-CFR-1258.
2. Signed Non-Disclosure Forms for EPA [REDACTED] employees, case OC-KA-2011-CFR-1258.

Attachments:

1. Signed Administrative Warnings for all EPA [REDACTED] employees who were interviewed by the EPA OIG regarding case OC-KA-2011-CFR-1258.



Administrative
Warnings - OC KA 20

2. Signed Non-Disclosure Forms for EPA [REDACTED] employees, case OC-KA-2011-CFR-1258.



Non Disclosure
OC-KA 2011 CFR 125

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
WASHINGTON, DC

SUBPOENA DUCES TECUM

TO: CUSTODIAN OF RECORDS
Mercedes-Benz USA, LLC
One Mercedes Drive
P.O. Box 350
Montvale, NJ 07645

YOU ARE COMMANDED TO SEND VIA REGISTERED MAIL, on or before January 16, 2013, the items described in Appendix A, to Special Agent [REDACTED], an official of the Office of Inspector General, U.S. Environmental Protection Agency, Ariel Rios Building, 1200 Pennsylvania Avenue, N.W., Mail Code: 2423P, Washington, DC 20460.

The Inspector General needs these materials in the performance of the duties and responsibilities assigned by the Inspector General Act of 1978, Public Law 95-452, as amended, 5 U.S.C. app. 3, to conduct, supervise, and coordinate audits and investigations relating to the programs and operations of the Environmental Protection Agency; to promote economy, efficiency, and effectiveness in the administration of such programs and operations; and to prevent and detect fraud and abuse in such programs and operations.

IN TESTIMONY WHEREOF, the undersigned has caused the seal of the Environmental Protection Agency to be affixed to this subpoena at Washington, D.C., this

28th day of December, 2012

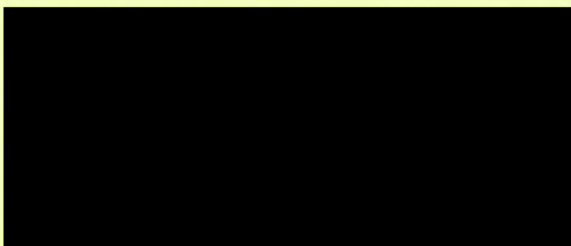


Charles J. Plushan (for KE)
Arthur Elkins
Inspector General

RETURN OF SERVICE

I hereby certify that I served a copy of this subpoena on the person named herein by —

1. delivering it in person to:



2. leaving it at the principal office or place of business, namely:

Description of premises _____

Address _____

3. mailing it by certified mail, return receipt requested, and first class mail to:

Name _____

Title _____

Address _____

Signature _____

Name of sender _____

Title _____

Date _____

ACKNOWLEDGMENT OF SUBPOENA RECEIPT

I hereby acknowledge that a copy of this subpoena was served upon me.

Signature _____

Name _____

Title _____

Date _____

UNITED STATES OF AMERICA ENVIRONMENTAL PROTECTION AGENCY OFFICE OF INSPECTOR GENERAL

SUBPOENA DUCES TECUM





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

DEC 28 2012

CUSTODIAN OF RECORDS
Mercedes Benz USA, LLC
One Mercedes Drive
P.O. Box 350
Montvale, NJ 07645

OFFICE OF
INSPECTOR GENERAL

Dear Sir or Madam:

Pursuant to section 6(a)(4) of the Inspector General Act 1978, 5 U.S.C. app. 3, the Inspector General has issued the enclosed subpoena *duces tecum*, which is needed in support of an investigation of possible violations of federal ethics laws. The materials identified in Appendix A to the subpoena should be sent, via registered mail, on or before January 16, 2013, to Special Agent [REDACTED], an official of the Office of Inspector General, U.S. Environmental Protection Agency, Ariel Rios Building, 1200 Pennsylvania Avenue, N.W., Mail Code: 2423P, Washington, DC 20460.

Fully legible and complete copies of the records called for by the subpoena will be accepted in response to the subpoena, provided that the original records will be made available to officials of the Office of Inspector General, upon request, during normal business hours. Original records are required if so specified in the subpoena.

You must also complete and return the enclosed Statement of Compliance. If for any reason any of the required materials are not furnished, please list and indicate the location of such materials and the reason for non-production. It would also be helpful for you to provide us with a list identifying each document or other material furnished, and the item or items of the subpoena to which it relates.

Should you have any questions concerning the subpoena or the materials that you must produce, you may contact Associate Counsel [REDACTED].

Sincerely,

(b) (6), (b) (7)(C)

for

Alan Larsen
Counsel to the Inspector General

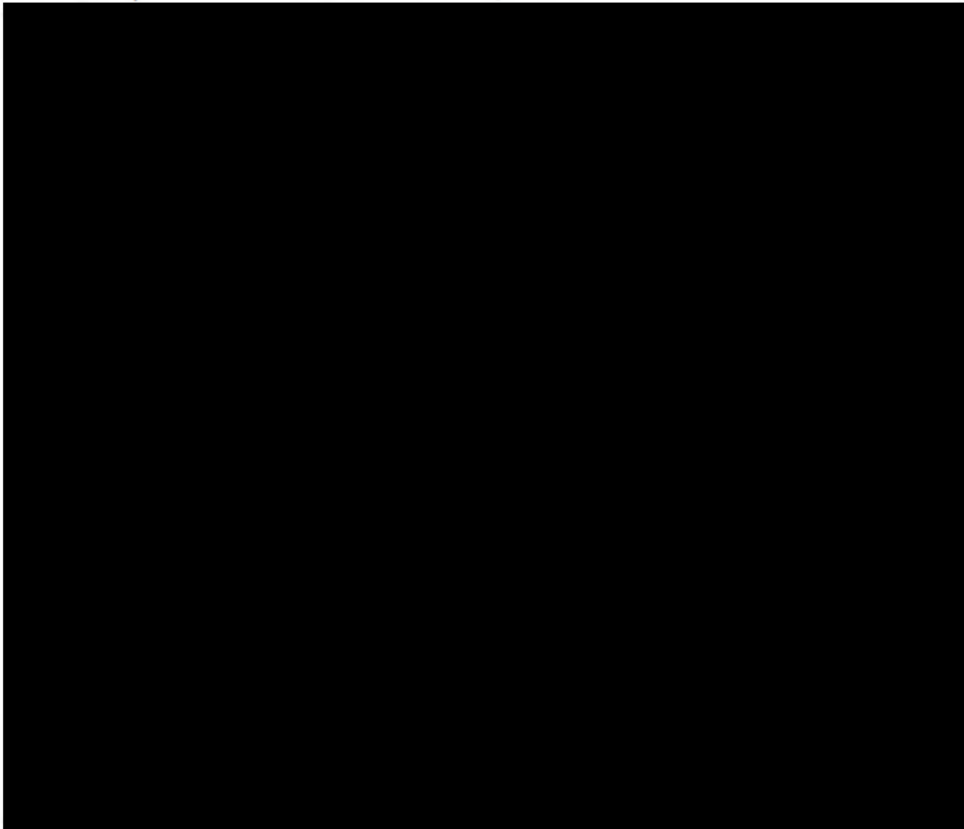
Enclosures (2)

APPENDIX A

DESCRIPTION OF RECORDS

Any information, documents, reports, records, logs and other data and documentary materials including electronically stored data, in the custody, possession or control of **MERCEDES-BENZ USA, LLC (MBUSA) part of DAIMLER AG** for the period from **January 1, 2008**, through **November 30, 2012**, regarding the following:

1. Any documentation pertaining to the U.S. Environmental Protection Agency (EPA) personnel listed below, any individuals identified as an employee of EPA's [REDACTED] and individuals identified as a member of the EPA's [REDACTED], who received discounts from MBUSA as part of MBUSA's discount programs which were not available to the general public, including any Very Important Person (VIP)/MVP discount programs or discount programs specifically for United States Federal government employees. "Documentation" includes, but is not limited to, all correspondence or evidence of communications, both in electronic and hard copy, regarding the discount provided, and documentation of the purchase of MBUSA vehicles using the discount, e.g., invoices, receipts, purchase orders, and audit reports.



2. Any documentation pertaining to EPA personnel who received MBUSA discounts through coordination or reference to [REDACTED]. MBUSA discounts include programs which were not available to the general public, to include any VIP/MVP discount programs or any like discount programs specifically for United States Federal government employees.

Statement of Compliance

I, _____, was served with a subpoena *duces tecum* issued by the
Inspector General of the United States Environmental Protection Agency, on

(Date)

In good faith, I have made a diligent search of all materials in my possession, custody, or control and have provided the materials, as listed in the attachment to this statement, in response to the subpoena. The materials provided are genuine, complete, and in full compliance with the request for materials made in the subpoena.

I state under penalty of perjury that the foregoing is true and correct.

(Signature)

(Name)

(Title)

(Date)

(City and State)

WITNESS:

(Signature)

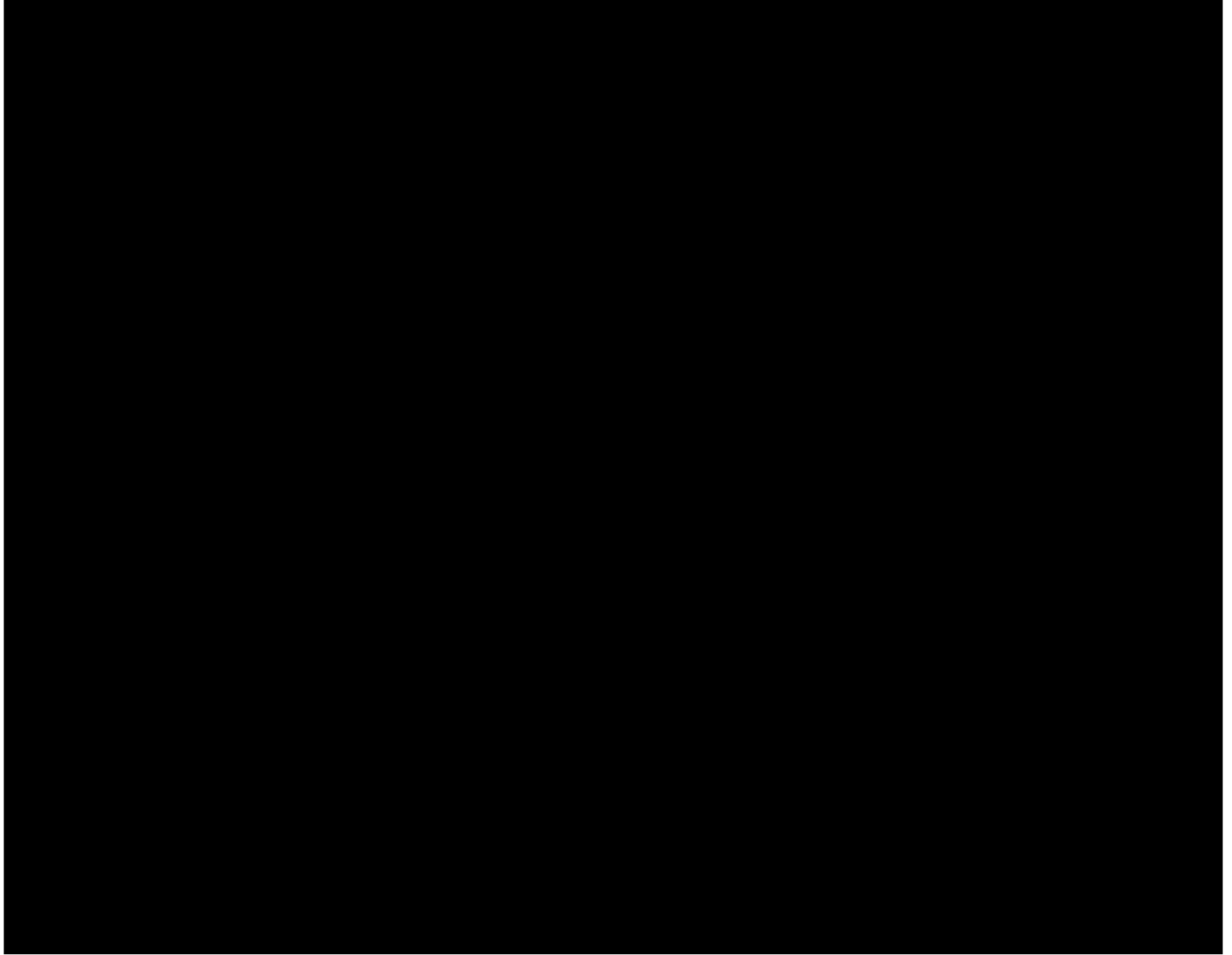
(Name and Title)

(Date)

Potential Confidential Business Information



Potential Confidential Business Information



Outstanding OIG Responses to HOCR

Majority:

1. Please provide a list of any and all hotels Beale stayed in, submitted a voucher, and received payment from EPA?
 - a. These will be provided in the Travel Vouchers.
2. Please provide the name of the helpful (b) (6), (b) (7)(C) Beale.
 - a. (b) (6), (b) (7)(C).
3. Please provide any and all emails to or from Beale referencing the CIA, Langley, or the DO.
 - a. These will be provided via thumb drive. Keep in mind when searching for these terms, many non-relevant emails will be provided since these terms are fairly come in the English language words and phrases. However, all emails with these terms will be provided from the emails we recovered from Beale's EPA email account or emails provide by others in the course of the investigation.
4. Passport copy (the request now is for a copy of the passport, not the actual passport).
 - a. This will be provided via thumb drive.
5. Copies of all vouchers fraudulently submitted to EPA by Beale.
 - a. These vouchers will be provided as part of the request for all travel vouchers that OI recovered. Keep in mind that many of these are outside the window for keeping records (b) (6), (b) (7)(C)
6. Any doctors' notes or documents (including but not limited to emails) related to malaria or back trouble that necessitated first class plane tickets & handicapped parking.
 - a. The doctor's notes that OI recovered during the investigation is provided on the thumb drive.
7. A list of all overseas and domestic destinations to which Beale traveled, dates, and whether personal or government funds were used.
 - a. The list of these destination can be found on the thumb drive based on travel vouchers provided and passport (b) (7)(E)
8. We're a little confused as to Beale's salary during the period of time in which the IG indicated he exceeded the statutory threshold. Based on my own research, that cap from 2010-2012 was \$230,700. However, in today's briefing we noticed

you said his salary was around \$189,000. Just wanted to confirm, our understanding is that the \$189,000 represents his base salary and the 25% bonus would put him over the statutory maximum. Is that correct? If not, please clarify.

- a. OI received from EPA OCFO and OARM the list of salary Beale received and the overage. Based on this information the following years are provided as overpayment of the Executive Level 1.

	Base	Retention	Overage
i. 2008-	\$129,397	\$39,107	\$4,235
ii. 2009-	\$162,900	\$40,725	\$6,935
iii. 2010-	\$165,300	\$41,325	\$6,925

Minority:

1. If you have it, a copy of the agency's recruitment incentive plan and policy that was in effect at the time of Beale's employment.
 - a. OI does not have a copy of this plan and policy at the time of Beale's initial employment or at the time of the award of the retention incentive bonus.
2. Was there a service agreement(s)? We'd like a copy of the service agreement.
 - a. There was no service agreement required as part of the retention incentive bonus.
3. If you have it, a copy of the agency's travel policy that was in effect at the time of Beale's employment.
 - a. EPA follows the Federal Travel Regulations. This is not unique to EPA. OI does not have a copy of a specific EPA travel policy.
4. Was there a certification of disability for Beale's travel? Please provide the certification.
 - a. This will be provided as part of the medical documentation to allow Beale to travel First Class. These documents are provided on the thumb drive.
5. Can you provide me with Beale and (b) (6), (b) (7)(C) titles during their tenure at EPA?
 - a. Beale started as a Senior Policy Advisor. He was provided an operational title of Deputy Assistant Administrator after being promoted to SL although his HR paperwork still reflected Senior Policy Advisor.
 - b. (b) (6), (b) (7)(C) in OAR prior to his promotion the (b) (6), (b) (7)(C) in approximately 2000.
6. Exactly which officials (names) were responsible for signing off on Beale's retention bonuses at what point in time? I know you had said Perciasepe signed

off on them during his tenure, but presumably someone else did before Bob was the Assistant administrator? Were there HR or other officials performing personnel functions that also had to sign off on these?

- a. 1991 Retention Incentive was signed by (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C). There other signatures on this packet but they are unable readable.
 - b. 2000 Retention Incentive was signed by (b) (6), (b) (7)(C) and Bob Perciasepe. (b) (6), (b) (7)(C) OPMO certified the funds allocation.
7. Same question as #2 with respect to the travel vouchers (who signed off when).
- a. The travel authorizations and approvals varied on who signed the documents. Provided as part of the travel vouchers is the MOAs that were done that include approving officials.
8. You mentioned during the briefing that Beale fooled democratic and republican administrators alike- (b) (6), (b) (7)(C) as well as mccarthy. Do you know of (b) (6), (b) (7)(C) actually believed Beale to be a CIA employee? Was (b) (6), (b) (7)(C) interviewed as part of your investigation?
- a. According to the interview with (b) (6), (b) (7)(C) believed Beale worked for the CIA based upon a conversation that he had with Beale. However, (b) (6), (b) (7)(C) did not remember seeing any formal documentation of this assignment.

1. Can you give us the breakdown of the \$886,186 in terms of salary, benefits, and retention bonuses? Also would like to know the total amount of retention incentive bonuses Beale received for the full period of employment.

a. The \$886,186 was negotiated figured with DOJ and Beale's Attorney. OIG does not have the exact break down on how this figure was computed.

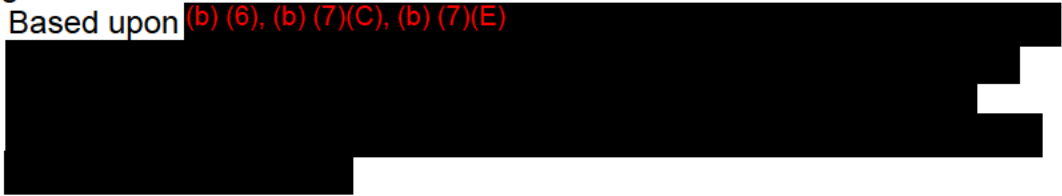
b. The total retention incentive for Beale over the years was just under \$500,000.00. EPA OCFO issued debt letters for this amount to Beale (b) (5), (b) (7)(E)

2. Can we get more information on the circumstances of how he fooled (b) (6), (b) (7)(C) and his attorney? You mentioned that "OI has documentation indicating that he repeatedly represented to (b) (6), (b) (7)(C) that he worked for the CIA. He also admitted, when interviewed, that he told (b) (6), (b) (7)(C) that he worked for the CIA. Additionally, Mr. Beale's attorney initially told the Justice Department

that he worked for the CIA. OI then (b) (7)(E)

At that point, Mr. Beale admitted to his attorney that he didn't really work for the CIA." Did OI interview (b) (6), (b) (7) ? His attorney? Did they represent that they believed that Beale worked at the CIA?

- a. Lies to (b) (6), (b) (7) were evident in emails collected.
 - b. (b) (6), (b) (7) was not interviewed due to (b) (6), (b) (7)(C), (b) (7)(E)
 - c. Beale's attorney was not interviewed but DOJ represented that Beale initially lied to his attorney.
3. Are there any items/subjects etc that the IG will not be comfortable talking about at the hearing Tuesday? What is the scope of his testimony?
 - a. NA
 4. How were the bonuses paid – lump sum or installments?
 - b. The retention incentives were paid each pay period.
 5. The total amount of inappropriate, wasteful travel costs that Beale incurred during his employment.
 - a. OI has uncovered at least \$87k of travel voucher fraud. It is possible that other fraud existed with Beale's travel but records do not exist to fully investigate trips going back twenty years.
 6. Did Beale have a blanket travel authorization for first class travel?
 - a. Beale had to seek periodic first class travel accommodations each year.
 7. What was Beale's disability? IG information made reference to malaria and Beale's submission of a chiropractor's note.
 - a. Beale's claimed disability was for malaria and a back condition.
1. Also- can you remind me what was the OIGs position on the chiropractor's note that beale submitted to get approval to fly first class? What was wrong with it exactly? I have in my notes that you did not believe the note was forged, but that first class was not medically necessary- is that what Arthur and Pat would say on tuesday?
 - a. The Chiropractor notes appear to be real and after speaking with the Chiropractor, he indicated that he did provide notes to Beale.

2. Does the competent medical authority have to be an M.D.? Can it be a chiropractor? I didn't see anything in the policies defining competent medical authority. I didn't see a definition of that in the Federal Travel Regulations or in EPA's policy. Is that up to management's interpretation?
 - a. It only stipulates a qualified medical authority and does require a MD in policy or regulations.
3. Did OIG find anything in the EPA's travel policy that required any due diligence such as checking on the medical authority's credentials, or contacting the medical authority to confirm the employee's disability?
 - a. OI did not uncover such a requirement.
4. Do you know whether any due diligence was conducted to determine whether the chiropractor's note was legitimate?
 - a. No evidence suggests this.
5. Why was the OIG dubious or skeptical about the disability certification and Beale's need to fly first class? Was the claimed disability not sufficient to justify first class travel, or something else? What does the OIG plan to say at the hearing about this?
 - a. Based upon (b) (6), (b) (7)(C), (b) (7)(E)

6. Federal Travel Regulations require annual certification of disability if it's not permanent. Did the OIG see an annual certification requirement set forth in the travel policies? I didn't see it.
 - a. There is evidence to suggest that annual certifications were provided by Beale and EPA.
7. Did Beale submit annual certifications? And, was it approved annually?
 - a. Beale appears to have submitted annual certifications and approvals varied based on which year was recertified since it spanned so many years.
8. Who approved Beale's certification(s) of disability?
 - a. See above and records provided via thumb drive for his medical authorizations.
9. With regard to the Beale's travel abuses, was that a result of weaknesses in EPA's written travel policies, or weaknesses in implementation and internal controls? What were the weaknesses OIG found?
 - a. Too early to conclude on this topic.

10. With respect to first class travel, it appears to me that EPA's written travel policy was consistent with the federal travel regulations. Was the weakness in EPA's implementation of the written policy by not doing enough due diligence?
 - a. Too early to conclude on this topic
11. Did OIG review EPA's retention incentive policy? What did you find were the weaknesses in the policy?
 - a. Too early to conclude on this topic.
12. Were there also weaknesses in implementation of the policy?
 - a. Too early to conclude on this topic

Biography of Assistant Inspector General for Investigations Patrick Sullivan



Patrick Sullivan is the Assistant Inspector General for Investigations, Office of the Inspector General of the U.S. Environmental Protection Agency (EPA). He supervises the OIG's criminal investigative activities, including allegations of grant fraud, contract fraud, employee misconduct, threats directed against EPA officials and facilities, and other violations of federal law within the OIG's jurisdiction. He has more than 30 years of service in federal law enforcement with significant supervisory, administrative, intelligence, counter-terrorism and criminal investigative experience.

Prior to his appointment at the EPA-OIG, Mr. Sullivan served as a Deputy Assistant Director with the Transportation Security Administration's (TSA's) Federal Air Marshal Service. He supervised TSA's participation in the Joint Terrorism Task Force program, the Federal Air Marshals' intelligence program and the imbedding of Federal Air Marshals with the Federal Bureau of Investigation, the Central Intelligence Agency, Immigration and Customs Enforcement, and Customs and Border Protection. He also was responsible for supervising TSA's domestic and foreign law enforcement liaison activity.

Previously, Mr. Sullivan was an Assistant Director with the Government Accountability Office, Office of Special Investigations, where he worked on cases involving allegations of misconduct by high-level government officials as well as special investigations requested by congressional committees.

He spent more than 20 years in the U.S. Secret Service, where his last assignment was the worldwide supervision of counterfeiting investigations. He also was assigned to the U.S. Department of Justice, Organized Crime Strike Force, in Brooklyn, NY, where he worked cases targeting the traditional mafia crime families in New York City. Furthermore, he spent four years assigned to the Presidential Protection Division under Presidents Ronald Reagan and George H.W. Bush.

Early in his career, Mr. Sullivan worked for the FBI as an Investigative Assistant assigned to the surveillance of foreign intelligence officers engaged in suspected espionage and other intelligence activities directed against the United States.

He is a graduate of the John Jay College of Criminal Justice with a B.S. degree in Police Science and Criminal Justice. He is also a graduate of the Naval Postgraduate School, Center for Homeland Defense and Security, Executive Leadership Program and a member of the federal Senior Executive Service.